

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

WEALTH TAX REFERENCE No 35 of 1995

For Approval and Signature:

Hon'ble MR.JUSTICE R.K.ABICHANDANI and
MR.JUSTICE KUNDAN SINGH

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1. Whether Reporters of Local Papers may be allowed to see the judgements?
 2. To be referred to the Reporter or not?
 3. Whether Their Lordships wish to see the fair copy of the judgement?
 4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder?
 5. Whether it is to be circulated to the Civil Judge?

COMMISSIONER OF WEALTH-TAX

Versus

GAUTAMBHAI VIMALBHAI SHAH

Appearance:

Mr.Pranav Desai for MR MANISH R BHATT for Petitioner
Respondent served by RPAD.

CORAM : MR.JUSTICE R.K.ABICHANDANI and
MR.JUSTICE KUNDAN SINGH

Date of decision: 02/02/98

ORAL JUDGEMENT (Per R.K.Abichandani, J)

The Income Tax Appellate Tribunal, Ahmedabad has referred the following question for the opinion of this court under Section 27(1) of the Wealth Tax Act, 1957.

"Whether, the Appellate Tribunal is right in law

and on facts in directing the wealth-tax officer to value the unquoted shares owned by the assessee in M/s. Metro Wood and Engineering Wroks Pvt.Ltd. on the basis of yield method?"

2. In the course of assessment proceedings, the assessee had claimed that the value of unquoted shares owned by the assessee in M/s.Metro Wood and Engineering Works P.Ltd. be valued on the basis of yield method. The Wealth Tax Officer negating this contention valued the shares as per Rule 1D of the Wealth Tax Rules. The Dy.Commissioner of Income Tax (Appeals) confirmed that order. The Appellate Tribunal relying on its earlier decision accepting the contention of the assessee held that such shares were to be valued on the basis of yield method.

3. Rule 1D of the Wealth Tax Rules, 1957 came to be considered by the Supreme Court in Bharat Hari Singhania v/s C.W.T reported in 207 ITR Pg.1 of the Supreme Court negating the contention that yield method should be followed for valuing such shares, held that Rule 1D was required to be applied in every case where unquoted equity shares of a company (other than an investment company or a Managing Agency Company) have to be valued. It was held that Rule 1D was exhaustive on the subject.

4. In view of this decision of the Supreme Court, the question referred to us is answered in the negative in favour of the Revenue and against the Assessee. The reference stands disposed of accordingly with no order as to costs.
